

OPEN MEETING AGENDA ITEM



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COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
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ORIGINAL



ARIZONA CORPORATION COMMISSION

Chief Administrative Law
Judge

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AZ CORP COMMISSION
DOCKET CONTROL

September 7, 2007

TO: ALL PARTIES OF RECORD

RE: BEARDSLEY WATER COMPANY and ARIZONA-AMERICAN WATER
COMPANY

DOCKET NOS. W-02074A-07-0079 and W-01303A-07-0079

Attached are Pages 1, 4, 5, 9 and 13 which contained typographical errors in the Recommended Opinion and Order mailed to you on September 4, 2007. Please replace these pages in your copy of the Recommended Opinion and Order in the above captioned matter.

The deadline for filing exceptions shall be unchanged.

Sincerely Yours,

Debbi Person

Administrative Service Officer I

Attachments

Arizona Corporation Commission

DOCKETED

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 MIKE GLEASON - Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 KRISTIN K. MAYES
7 GARY PIERCE

8 IN THE MATTER OF THE JOINT APPLICATION
9 OF BEARDSLEY WATER COMPANY AND
10 ARIZONA-AMERICAN WATER COMPANY TO
11 REALIGN THEIR CERTIFICATED WATER
12 SERVICE TERRITORIES IN MARICOPA
13 COUNTY.

DOCKET NO. W-02074A-07-0079
DOCKET NO. W-01303A-07-0079

DECISION NO. _____

OPINION AND ORDER

10 DATE OF HEARING: April 26, 2007

11 PLACE OF HEARING: Phoenix, Arizona

12 ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey

13 APPEARANCES: Mr. Stanley B. Lutz, BRYAN CAVE, LLP, on behalf of
14 Beardsley Water Company;

15 Mr. Craig A. Marks, CRAIG A. MARKS, P.L.C., and
16 Mr. Paul Li on behalf of Arizona-American Water
Company; and

17 Ms. Robin R. Mitchell, Staff Attorney, Legal Division,
18 on behalf of the Utilities Division of the Arizona
Corporation Commission.

19 **BY THE COMMISSION:**

20 On February 2, 2007, Beardsley Water Company ("Beardsley") and Arizona-American Water
21 Company ("Arizona-American") (together, the "Companies"), filed a joint application to realign their
22 certificated water service territories in Maricopa County, Arizona.

23 On March 2, 2007, the Commission's Utilities Division ("Staff") filed a Sufficiency Letter in
24 this docket indicating that the Companies' application had met the sufficiency requirements as
25 outlined in the Arizona Administrative Code ("A.A.C").

26 On March 9, 2007, by Procedural Order, the hearing in this matter was scheduled to
27 commence on April 26, 2007.

28 On March 30, 2007, Staff filed its Staff Report recommending approval of the application,

- d. Add Parcel D to Beardsley's CC&N;
- e. Add Parcel E to Beardsley's CC&N;
- f. Add Parcel F to Arizona-American's Agua Fria Water CC&N; and
- g. Transfer Parcel G from Arizona-American's Sun City West CC&N to its Agua Fria CC&N.

13. Arizona-American's witness¹ described Parcel A as the largest parcel in the proposed realignment. It is comprised of 571 acres and is almost entirely in the floodplain and owned by the Flood Control District of Maricopa County, with the exception of the Beardsley Canal, which is owned by the Maricopa Water District. (Tr. Pg. 15, lines 23-25 and Tr. Pg. 16, lines 1-2)

14. Arizona-American's witness stated that the company does not anticipate there will be any customers in Parcel A because of the nature of the property and requests that it be deleted from Arizona-American's Agua Fria CC&N. (Tr. Pg. 16, lines 1-5)

15. The witness described Parcel B as being located north of Grand Avenue and north of the Beardsley Canal and the McMicken Dam outlet channel. Parcel B is comprised of mostly private land, but the majority of the land is in the floodplain and it may eventually have 5-10 commercial customers. (Tr. Pg. 16, lines 6-12) The Companies' application proposes that Parcel B be deleted from Arizona-American's Agua Fria CC&N.

16. Parcel C is located on the south side of Grand Avenue and west of the Beardsley Canal and the McMicken Dam outlet channel. (Tr. Pg. 16, lines 13-16) The Companies' application proposes that Parcel C be transferred from Arizona American's Agua Fria CC&N to Beardsley's CC&N.

17. Arizona-American's witness testified that most of Parcel C is owned by the Flood Control District, and it is not anticipated that it will be developed, except for a small strip of land along Grand Avenue that is privately owned and may have between one to three commercial customers. (Tr. Pg. 16, lines 18-21)

18. Parcel D is comprised of 15.7 acres and the majority of it is privately owned with a

¹ Mr. Ray Jones, president of Aricor Water Solutions and consultant for Arizona-American.

1 small portion in the floodplain. The Companies anticipate that there may be one commercial
2 customer in the future and propose that Parcel D be added to Beardsley's CC&N.

3 19. Parcel E is comprised of 40 acres and is currently semi-developed with rural
4 residential housing on 10 to 20 acre home sites. It is anticipated that there may be between 10 to 80
5 customers in this parcel and the Companies propose that it be added to Beardsley's CC&N. (Tr. Pg.
6 18, lines 1-8)

7 20. Parcel F is comprised of 162 acres and is bisected by the Loop 303. The land in Parcel
8 F was purchased by Maricopa County during its efforts to build the Loop 303. Arizona-American's
9 witness testified that it is anticipated that the County will sell the land to private interests and that
10 there may be approximately 10 to 15 commercial customers located in Parcel F. (Tr. Pg. 18, lines 9-
11 22) The Companies' application proposes that Parcel F become a part of Arizona-American's Agua
12 Fria CC&N.

13 21. Parcel G is comprised of 10 acres and is a small triangular section that the Companies
14 are requesting be transferred from Arizona-American's Sun City West CC&N to its Agua Fria water
15 CC&N. The Companies anticipate there may be one commercial customer located in this section.
16 (Tr. Pg. 18, lines 23-25)

17 22. Arizona-American's witness testified that currently there is one development that is
18 on-going in the proposed realignment areas called "Asante". Asante is a master-planned community
19 comprised of 1,500 acres and about 15 to 20 acres of the Asante project is located in Parcel B. (Tr.
20 Pg. 19, lines 12-25)

21 23. The City has entered into an agreement with the developers of Asante to provide water
22 utility service to the community. This application proposes that the 10 to 15 acres located in Parcel B
23 be deleted from Arizona-America's CC&N and that the area be served by the City.

24 **Water System**

25 24. Beardsley, Arizona-American and the City agree that Parcels C, D & E would be more
26 economically served by the Beardsley water system (PWS# 07-007). PWS# 07-007 has a current
27 well production capacity of 195 gallons per minute ("GPM") and a storage capacity of 150,000
28 gallons. Staff believes that the production and storage amounts for the Beardsley water system are

1 48. Staff recommends approval of the deletion of Parcels A, B and C from Arizona-
2 American's CC&N.

3 49. Staff recommends approval of the deletion of Parcel G from Arizona-American's Sun
4 City West District CC&N and the addition of Parcel G to Arizona-American's Agua Fria District
5 CC&N.

6 50. Staff recommends approval of the extension of Arizona-American's CC&N into
7 Parcel F.

8 51. Staff recommends approval of the extension of Beardsley's CC&N into Parcels C, D,
9 and E.

10 52. We find that it is in the public interest for water utilities and municipalities to work
11 together to plan how utility service can best be provided to undeveloped areas. The facts in this case
12 are similar to the facts found in the Citizens case. The proposed deletions, extensions and transfers
13 are in the public interest because they are the result of an informed, cooperative effort to duplicate
14 resources efficiently and may result in lower costs for future and current customers. Although the
15 Companies' application does not include specific requests for service or requests for deletion from
16 the proposed CC&N realignments in this case, it is more efficient to "square off" the existing CC&Ns
17 because the realignment will make it more efficient for the Companies to serve customers in the
18 future and no landowners are being harmed by the realignment, or oppose it.

19 53. We find Staff's recommendations reasonable and should be adopted.

20 54. Because an allowance for the property tax expense is included in Arizona-American
21 and Beardsley's rates and will be collected from its customers, the Commission seeks assurances
22 from Arizona-American and Beardsley that any taxes collected from ratepayers have been remitted to
23 the appropriate taxing authority. It has come to the Commission's attention that a number of water
24 companies have been unwilling or unable to fulfill their obligation to pay the taxes that were
25 collected from ratepayers, some for as many as twenty years. It is reasonable, therefore, that as a
26 preventive measure Arizona-American and Beardsley shall annually file, as part of their annual
27 reports, an affidavit with the Utilities Division attesting that the company is current in paying its
28 property taxes in Arizona.

1 SERVICE LIST FOR:

BEARDSLEY WATER COMPANY and ARIZONA-
AMERICAN WATER COMPANY

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3 DOCKET NO.:

W-02074A-07-0079 and W-01303A-07-0079

4

5 Stanley Lutz

6 BRYAN CAVE LLP

7 One Renaissance Square

8 Two North Central Avenue, Suite 2200

9 Phoenix, AZ 85004

10 Attorneys for Beardsley Water Company

11

12 Craig A. Marks

13 CRAIG A. MARKS, PLC

14 3420 East Shea Boulevard, Suite 200

15 Phoenix, AZ 85028

16 Attorneys for Arizona-American Water Company

17

18 Paul M. Li

19 ARIZONA-AMERICAN WATER COMPANY

20 19820 N. 7th St., Suite 201

21 Phoenix, AZ 85024

22

23 Christopher Kempley, Chief Counsel

24 Legal Division

25 ARIZONA CORPORATION COMMISSION

26 1200 West Washington Street

27 Phoenix, AZ 85007

28

29 Ernest G. Johnson, Director

30 Utilities Division

31 ARIZONA CORPORATION COMMISSION

32 1200 West Washington

33 Phoenix, AZ 85007

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